

Message Text

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ACTION NEA-12

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FM AMEMBASSY DACCA

TO SECSTATE WASHDC 1237

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E.O. 11652: N/A

TAGS: EIND, BDIS, BG

SUBJECT: CONGRESSIONAL INTEREST: INTERNATIONAL TANK TERMINALS

REF: STATE 204387

SUMMARY - ITT EFFORTS REASSERT CONTROL OVER ASSOCIATED OIL MILL HAMPERED BY FRAUD PREVIOUSLY INVOLVED, EFFORT BY GOVT.- APPOINTED ADMINISTRATOR TO TAKE OVER OPERATION HIMSELF, AND COUNTER-PRODUCTIVE VISIT AUGUST BY ITT REP. RECENT CALL BY CHARGE ON MINISTER INDUSTRIES HOWEVER HAS RESULTED IN UNDERTAKING TO REACH FINAL DECISION SOON. EMBASSY WILL CONTINUE ASSIST AS APPROPRIATE.

1. EMBASSY HAS ATTEMPTED KEEP DEPARTMENT INFORMED ABOUT DEVELOPMENTS RE INTERNATIONAL TANK TERMINALS (BANGLADESH) VIA TRANSMITTAL TO NEA/PAB OF FAIRLY FREQUENT INTERESTED PARTY MESSAGES SENT BY ITT US-SIDE REPRESENTATIVE HERE, NAZMUL HUQ CHAUDHURY, AND ALSO VIA MEMCONS WITH BEG OFFICIALS ON ITT CASE. MOST RECENT IN TWO CATEGORIES ARE DACCA 4209, 9/18/73, AND MEMCON WITH FINANCE SECRETARY, 8/24/73.

2. FOLLOWING RECEIPT HERE OF COMMERCIAL TELEGRAM FROM ITT (NEW ORLEANS), CITED REFTEL, EMBOFF CONTACTED BURHANUDDIN AHMED, SECRETARY, MINISTRY OF INDUSTRIES (OUTSIDE PUBLIC SECTOR), WHO ALSO CHAIRMAN OF THE BOARD JOINT-VENTURE ITT (BD). AHMED HAD TAKEN OVER CASE AND WAS PREPARING FINAL RECOMMENDATION TO MINISTER FOLLOWING

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IN AUGUST BY DAVID R, PADDISON, ASSISTANT TO PRESIDENT, ITT (NEW ORLEANS).

3. FYI ONLY REPEAT ONLY - PADDISON IS YOUNG LAWYER, NEVER BEFORE IN SOUTH ASIA, AND SUCCEEDED IN DISRUPTION RATHER THAN ADVANCEMENT OF CONSIDERATION ITT CLAIM TO ASSOCIATED OIL MILL AT MEETING OF BOARD ITT (BD) CALLED DURING PADDISON'S VISIT. ARGUMENTATION SO SHARP WITH DEPUTY SECRETARY/INDUSTRIES WHO MEMBER OF BOARD, THAT CHAIRMAN HAD TO ADJOURN SESSION. AHMED COMMENTED LATER THAT IT WOULD HAVE BEEN BETTER IF PADDISON HAD NOT COME AT ALL. DEPUTY SECRETARY HAS HAD TO BE REMOVED FROM BOARD AND REPLACED WITH ANOTHER OF EQUIVALENT RANK, WHO MAY ALSO BE HOSTILE TO ITT (NEW ORLEANS) CASE. END FYI.

4. POLITICS CURRENT ISSUE RATHER COMPLEX. INTERNATIONAL OIL MILLS (IOM) STILL TECHNICALLY "ABANDONED PROPERTY" UNDER BDG-SUPPORTED ADMINISTRATOR RAFIQUIL ISLAM, DESCRIBED IN PAST AS CROOK. ISLAM CONCERNED FOR POSITION IF IOM TAKEN OVER BY ITT (BD). HAS INFLUENTIAL RELATIVES, HOWEVER, INCLUDING A DIRECTOR OF INDUSTRIES AND HAS BEEN PUSHING FOR INTEGRATION IOM AND ALSO ITT (BD) INTO PUBLIC-SECTOR BANGLADESH FOOD AND ALLIED PRODUCTS CORPORATION. HEREBY ISLAM HOPES NOT ONLY TO RETAIN POSITION IN IOM BUT TAKE OVER MANAGEMENT ITT (BD).

5. AS PREVIOUSLY REPORTED, IOM HAS BEEN SET UP IN 1968 AS 100 PERCENT PAKISTANI-OWNED IN ORDER TO AVOID TAXES. ASSETS HOWEVER ENTIRELY SUPPLIED BY ITT (NEW ORLEANS). US SIDE ITT (BD) IN PRESSING CLAIM FOR IOM HAS ADMITTED THIS AND UNDERTAKEN TO MAKE GOOD TO BDG TAXES IT HAD AVOIDED PAYING PREVIOUS GOVERNMENT. LAW MINISTRY REPORTEDLY HAS CONCURRED IN ITT CLAIM TO OWNERSHIP AND MATTER RETURNED TO INDUSTRIES MINISTER WHEN PADDISON ARRIVED.

6. CONSIDERING APPEAL BY ITT (NEW ORLEANS) IN TELEGRAM TO PRIME MINISTER MUJIBUR RAHMAN, SEC, AHMED, WHO APPEARS FAVORABLY DISPOSED TOWARD INTEGRATION IOM WITH ITT (BD), AGREE WITH EMBASSY THAT APPROACH SHOULD BE MADE TO LIMITED OFFICIAL USE

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MINISTER INDUSTRIES, NAZRUL ISLAM, NUMBER TWO IN GOVERNMENT. AFTER VARIOUS DELAYS, APPOINTMENT FOR CHARGE AND EMBOFF ARRANGED WITH ISLAM OCT 17. THOUGH AHMED HAD BEEN INFORMED AHEAD OF TIME THAT WE WOULD BE CALLING ON MINISTER TO DISCUSS ITT CASE AMONG OTHER MATTERS, ISLAM PROVED UNFAMILIAR WITH CASE. HOWEVER APPEARED TO RECONGNIZE THAT INTEREST OF 50 PERCENT BDG-OWNED COMPANY MIGHT BE SERVED BY GOVERNMENT AGREEMENT TO ABSORPTION IOM. MUJIB

LEFT FOR JAPAN THAT SAME DAY AND ISLAM ACTING HEAD OF GOVERNMENT. SAID HE WOULD LOOK INTO MATTER FOLLOWING MUJIB' RETURN OCT 24 AND POSSIBLY REACH FINAL DECISION, WITH MUJIBMLSBY END OF MONTH.

7. AS INDICATED IN PAST, THIS CASE A COMPLEX ONE RENDERED DIFFICULT OF SOLUTION BY FRAUD AND POLITICS INVOLVED. EMBASSY'S STAND HAS SIMPLY BEEN TO RECOMMEND EARLY AND EQUITABLE DECISION BY GOVERNMENT. WE HAVE POINTED OUT THAT ITT (BD) HAS BEEN FIRST POST-LIBERATION JOINT US-BDG VENTURE; EMBASSY INTERESTED IN PERFORMANCE OF BDG AS PARTNER IN GETTING SPEEDY DECISION OUT OF BDG AS GOVERNING AUTHORITY, FOR REFERENCE AS REGARDS ENCOURAGEMENT OTHER US PARTIES WHO MAY CONSIDER JOINING UP WITH THE PUBLIC SETOR IN INVESTMENT HERE. AS DEPARTMENT AWARE, ONLY WITH PUBLIC SECTOR IS FOREIGN INVESTMENT ALLOWED IN BANGLADESH.

8. EMBASSY HAS OVER PAST YEAR CONTINUALLY RECEIVED AND TRIED TO ASSIST ITT US-SIDE AND HAS MADE NUMEROUS REPRESENTATIONS TO BDG, AT VARIOUS LEVELS. ITT CAUSE HAS NOT BEEN ADVANCED BY DEPARTURE EXPERIENCED VEGOIL EXPATRIATE BRASSIL AND NON-VISITATION HERE BY MATURE TOP MANAGEMENT ITT (NEW ORLEANS). NEVERTHELESS, WE SHALL CONTINUE TO TRY HELP AS APPROPRIATE. CONGRESSWOMAN BOGGS MAY BE FULLY ASSURED RE LAST POINT.
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